

Insurance Commissioner Karen Weldin Stewart Announces BCBSD and Highmark Affiliation Decision

Dover, DE – Insurance Commissioner Karen Weldin Stewart has approved the proposed affiliation of Blue Cross Blue Shield of Delaware with Highmark, Inc., of Pennsylvania. Commissioner Stewart imposed 49 Conditions on the transaction, which added many protections not included when the application was first filed with her Department in October, 2010. Many of the conditions were included in the findings and recommendation to Commissioner Stewart by Judge Battle R. Robinson, who acted as Hearing Officer. In November, Judge Robinson announced her findings, recommending that Stewart approve the transaction.



Under the arrangement as approved, Blue Cross Blue Shield of Delaware will remain a separate, Delaware based, non-profit health service corporation, with its corporate office and most of its Delaware functions and character to be maintained. Under the arrangement, Blue Cross Blue Shield of Delaware will share in the financial strength and administrative functions of the much larger Highmark. The Conditions that accompanied the approval meet a variety of concerns that became evident in the fourteen (14) month process of analysis and public hearings that preceded today's decision.

Commissioner Stewart stated: "With these protections, I find that the affiliation should go forward and I hereby approved the application early this morning. I am confident that this affiliation will prove to be in the best interests of Blue

Cross Blue Shield of Delaware and its subscribers.”

At today’s press conference in connection with the announcement of her decision, Commissioner Stewart elaborated on her concerns for the Delaware Company and its subscribers, and for other citizens of Delaware, as the health care insurance markets change in the future: “I have watched with great concern as Blue Cross Blue Shield of Delaware and other small health insurers have struggled to compete with large national insurers who have billions of dollars of capital and resources. These small companies have limited ability to make the changes required by today’s health care reform.” Stewart agreed with the Delaware Company that it will benefit from the following advantages of the affiliation: expanded research and development of new products, prompt payment of claims, enhanced technology interface, regulatory compliance improvements, and immediate access to professional expertise.

Commissioner Stewart stated, “I am also very concerned for the many people who do not have health insurance, and the difficulties that this tragedy imposes on them, and on the entire health delivery system. As part of my approval, I have imposed certain conditions to help with this concern.”

With the conditions, Commissioner Stewart addressed the following:

- BCBSD will remain in Delaware. Its corporate office will stay here and the people that Delaware subscribers interact with will be here. Employment in Delaware will be continued.
- The Board of Directors will include independent Delaware residents who have lived in Delaware for at least five years and are not employees of BCBSD, Highmark, or any of its affiliates. This important class of independent directors will have substantial influence over the operations of the company.
- The assets and reserves of BCBSD will be fully protected

and can be used only for the benefit of Blue Cross Blue Shield of Delaware or its subscribers.

- The important community contributions that BCBSD has made in the past will continue; indeed, in many cases they will be expanded.
- All operations will remain under the direct regulatory control of the Delaware Insurance Department.

Commissioner Stewart also approved an additional condition last night to make Delaware's Children's Health Insurance Program (CHIP) affordable to families slightly above the federal poverty level. BCBSD has agreed to add \$3 million dollars to their commitment to subsidize the CHIP program until June 30, 2014, or until the federal program goes into effect, whichever occurs first.

To obtain a copy of Commissioner Stewart's Decision and Final Order and a copy of her press conference statement*, visit the Delaware Department of Insurance's website at <http://www.delawareinsurance.gov/>.

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* Commissioner Stewart's [Decision and Final Order and Statement](#)